

Message Text

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ACTION SP-02

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TO SECSTATE WASHDC 9408
INFO AMCONSUL KADUNA

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TAGS: ECON NI
SUBJECT: FOREIGN ECONOMIC POLICY TOWARD AFRICA

REF: STATE 164983

1. EMBASSY HAS STUDIED TEXT OF PROPOSED FOREIGN ASSISTANCE DISCUSSION PAPER AND FINDS IT RIGHT ON TARGET. APPROACH IS SOUND IN FOCUSING ON CORRECTION OF SEVERAL FUNDAMENTAL PROBLEMS. UNLESS CONDITIONS ARE BETTERED IN THESE BASIC AREAS, OUR VIEW IS THAT OTHER ASSISTANCE ACTIVITIES, INCLUDING THOSE AIMED AT BASIC HUMAN NEEDS, WILL NOT ACHIEVE THEIR DESIRED IMPACT.

2. NIGERIA HAS A SIGNIFICANTLY DIFFERENT MIX OF CHALLENGES, STRENGTHS, WEAKNESSES AND PROBLEMS THAN DO OTHER DEVELOPING COUNTRIES IN AFRICA. ALTHOUGH OUR VIEWS ARE COLORED BY OUR EXPERIENCE HERE, WE WILL ATTEMPT TO ADDRESS THE SUBJECT AREAS OF THE POLICY STATEMENT IN TERMS OF U.S. POLICY FOR ALL AFRICAN COUNTRIES.

3. INFRASTRUCTURE. WE SUPPORT MORE FLEXIBILITY IN PROVIDING ASSISTANCE IN THIS SECTOR. WITHOUT A VIABLE TRANSPORT NET,
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ECONOMIC DEVELOPMENT OFTEN TENDS TO FLOUNDER. AN IMPORTANT FACTOR IN NIGERIA'S AGRICULTURAL MALAISE FOR EXAMPLE, IS THE DEFICIENCY IN FEEDER ROADS TO BRING AGRICULTURE PRODUCE TO MARKET. UP TO 50 PERCENT OF CROPS ROT WHERE THEY ARE HARVESTED. BAD ROADS HAVE ALSO RESULTED IN A CONTINUING DRAIN ON FOREIGN EXCHANGE RESERVES; RAPID DETERIORATION OF VEHICLES INFLECTS VERY LARGE MONEY OUTFLOWS FOR REPLACEMENT UNITS AND PARTS. INFLATION, WHICH

FURTHER MISDIRECTS RESOURCES, IS SPURRED BY HIGH DISTRIBUTION COSTS FOR ALMOST ALL GOODFQM WE FURTHER BELIEVE THAT DEVELOPING AFRICAN NATIONS TEND TO PUT A HIGH PRIORITY ON A TRANSPORT LINK AS A MEANS TO BIND A COUNTRY POLITICALLY AND SOCIALLY, AS WELL AS ECONOMICALLY, TOGETHER. IN NIGERIA ALERTNESS TO FOSTERING NATIONAL UNIT IS IN THE FOREFRONT OF FEDERAL GOVERNMENT THINKING. SENSITIVITY AGAINST FRAGMENTATION OF NATIONS WILL PRESUMABLY RISE, NOT DECLINE, IN THE YEARS AHEAD.

4. ONE FORM OF ASSISTANCE WHICH SHOULD NOT BE TOO COSTLY IS IMPROVEMENT OF A COUNTRY'S CAPACITY FOR ROAD MAINTENANCE. THIS IS THE THEME OF ONE WORLD BANK PROJECT NOW UNDER CONSIDERATION. IN REGARD TO NIGERIA, THE BANK PROPOSES TO ASSIGN EXPERTS FROM INDIVIDUAL STATE HIGHWAY ADMINISTRATIONS IN THE U.S. TO DEVELOP AND SUPERVISE ROAD MAINTENANCE OPERATIONS IN THREE NIGERIAN STATES. WE SUSPECT THAT A COMMON PROBLEM IN AFRICA IS TRUT ROAD ARE NOT MAINTAINED ONCE BUILT; PREVENTATIVE MEDICINE COULD BE VERY HELPFUL IN TIME AND MONEY SAVINGS.

5. A VISIBLE CURRENT CONSTRAINT TO NIGERIA'S AGRICULTURE IS INADEQUATE IRRIGATION FACILITIES. IF IT IS A PROBLEM HERE, WE ASSUME THAT IT IS AN EVEN MORE SERIOUS FACTOR IN OTHER COUNTRIES WITH POORER CLIMATE, MORE ARID SOILS, AND THINNER AGRICULTURAL TRADITION AND EXPERIENCE. EXAMINING POSSIBILITIES FOR LOCAL COST FINANCING OF IRRIGATION PROJECTS MAKES SENSE.

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6. CONCENTRATION ON EXPORTS. ALL OF THE SUGGESTIONS IN REFTEL ON THIS CATEGORY ARE VALID. OUR EXPERIENCE HERE INDICATES TO US, HOWEVER, THAT SUCH CORRECTIVE STEPS CAN STILL BE OFFSET BY ARCHAIC HOST GOVERNMENT ADMINISTRATIVE POLICIES. NIGERIA, FOR EXAMPLE, SUFFERS FROM MARKETING BOARDS INHERITED FROM BRITISH COLONIAL TIMES. THE PRICE-SETTING OPERATIONS OF THESE ORGANIZATIONS HAVE PROVED A DECIDED DISINCENTIVE. RATHER THAN SELL TO THE MARKETING BOARDS AT DISTORTED PRICES, FARMERS PREFER TO SMUGGLE LARGE AMOUNTS OF PRODUCE ACROSS THE BORDERS OF NEIGHBORING COUNTRIES. ONE A WORLD LEADER IN GROUNDNUT PRODUCTION, NIGERIA IS NOW AN IMPORTER. THE CAUSE LIES MORE IN ILLEGAL SALES THAN IN POOR YIELDS.

7. MANPOWER SHORTAGES. TRAINING IN MANAGEMENT AND IN TECHNICAL SKILLS UNDERSTANDABLY RANKS AMONG NIGERIA'S TOP PRIORITIES. DEVELOPMENT OF HUMAN CAPITAL HERE AND ELSEWHERE IN AFRICA IS CRUCIAL TO THE SUCCESS OF THE WHOLE DEVELOPMENT EFFORT. NIGERIA'S ACCENT ON TRAINING GOES BEYOND INTER-GOVERNMENT COOPERATION AND TRAINING PROGRAMS PER SE. IN DEALING WITH BOTH SALES AND INVESTMENT PROPOSALS, THE FMG FREQUENTLY SEIZES ON THE TRAINING COMPONENT AS A KEY POINT IN DECIDING WHETHER OR NOT TO ACCEPT THE PROPOSAL. BECAUSE TRAINING SUPPLIED IN A COMMERCIAL

TRANSACTION IS PART OF AN INTEGRATED PACKAGE AND HAS A PRICE TAG, THE TRAINEES USUALLY ARE PLACED IN JOBS FOR WHICH THEY ARE TRAINED. WE HAVE FOUND, HOWEVER, THAT TRAINING OBTAINED THROUGH ASSISTANCE PROGRAMS RUNS AN ADDITIONAL RISK. ON COMPLETION OF THEIR COURSES, PERSONNEL ARE OFTEN PLACED IN JOBS WHICH DO NOT RELATE TO THEIR TRAINING. THE TRAINEE THUS BECOMES FRUSTRATED AND HIS NEWLY ACQUIRED SKILLS ARE WASTED. THIS HAS BEEN ESPECIALLY TRUE IN THE MANAGEMENT FIELD. NIGERIA CAN BOAST OF DIRECTING MANY OFFICIAL AND PRIVATE SECTOR LEADERS TO MANAGEMENT COURSES. BUT ADMINISTRATION IN BOTH THE PUBLIC AND PRIVATE SECTORS IS A CREAKING CASE HISTORY OF HOW NOT TO MANAGE.

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FUTURE ASSISTANCE PROGRAMS SHOULD EMPHASIZE THE NECESSITY OF TRAINING THOSE AT THE TOP OF THE PYRAMID IN BASIC MANAGEMENT PRINCIPLES. EFFORTS TO INCULCATE MANAGEMENT SKILLS FROM THE BOTTOM UP ARE GENERALLY STYMIED BECAUSE THOSE WHO SET POLICY ON TOP DO NOT UNDERSTAND WHAT MANAGEMENT IS AND DO NOT REALLY ENCOURAGE ITS PRACTICE. WE ALSO FIND THAT HOST GOVERNMENTS SOON LEARN (AND COMPLAIN) HOW EXPENSIVE TRAINING IN TECHNICAL SKILLS IS ABROAD. STRONGER EFFORTS SHOULD BE MADE BY DONORS TO SET UP TRAINING INSTITUTIONS IN THE HOST COUNTRIES WHICH CAN TRAIN UNDER LOCAL CONDITIONS. DEVELOPMENT BANKS SHOULD BE ENCOURAGED TO BECOME MUCH MORE ACTIVE IN THIS AREA.

8. OUR AID PROGRAM IN NIGERIA CONCENTRATES ON REIMBURSABLE DEVELOPMENT ASSISTANCE (RDP) WE HAVE IDENTIFIED A NUMBER OF BASIC AREAS WHICH CAN BE HELPED BY THE GUIDANCE OF TEAMS OF EXPERTS. ONE EXAMPLE IS DATA GATHERING. OFFICIALS OF THE MAN-POWER BOARD TOLD THE EMBASSY IN 1977 THAT DEVELOPMENT PROJECTIONS

WERE UNRELIABLE AT BEST BECAUSE THE COUNTRY LACKED A VIABLE DATA COLLECTION SYSTEM. RELIABLE STATISTICS UPON WHICH TO BUILD PLANS AND PROJECTIONS DO NOT EXIST. AS A RESULT, THE U.S. BUREAU OF CENSUS HAS BEEN NEGOTIATING WITH THE FMG TO HELP ESTABLISH A DATA COLLECTION CAPACITY. RDP HAS ALREADY BEEN LIMITED OFFICIAL USE

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EMPLOYED HERE FOR TOPOGRAPHICAL SURVEYS OF THE NEW FEDERAL CAPITAL AND IS BEING CONSIDERED FOR USE IN THE FIELDS OF TRANSPORT, RIVER DEVELOPMENT, CONSTRUCTION AND ENVIRONMENT. WE FIND IT AN EXCELLENT LOW COST TOOL THAT EFFECTIVELY FACILITATES TECHNOLOGY TRANSFER.

9. MINI STATES AND MINI MARKETS. WE FULLY AGREE THAT MANY AFRICAN STATES ARE TOO SMALL TO SUPPORT EFFICIENT INFRASTRUCTURE. REGIONAL TENDENCIES ARE INHERENT IN AFRICA. PARTS OF COUNTRIES ARE ORIENTED MORE FOR HISTORICAL, ECONOMICAL AND TRIBAL REASONS TO CENTERS BEYOND BORDERS, (E.G. IN NIGERIA, THE MAIDUGURI AREA HAS BEEN TRADITIONALLY DRAWN TO N'DJAMENA IN CHAD). ANALYTICAL ATTENTION TO THE POTENTIAL FOR INCREASED REGIONAL COOPERATION SHOULD DISCLOSE A NUMBER OF OPPORTUNITIES FOR ASSISTANCE. WE HAVE ALREADY SEEN AID REDSO EXPLORE WORKING WITH ECOWAS THROUGH THE LATTER'S HEADQUARTERS IN LAGOS. GOOD RAPPORT AND SUPPORT AT THIS NERVE CENTER SHOULD HAVE A POSITIVE IMPACT THROUGHOUT THE ECOWAS REGION.

10. HEALTH. HERE WE SUGGEST THAT ASSISTANCE BE ADMINISTERED THROUGH EXISTING HOST COUNTRY INSTITUTIONS. IN NIGERIA OUR BEST VEHICLE IS THE BASIC HEALTH SCHEME (BHS) PROGRAM WHICH IS SETTING UP 250 GENERAL HEALTH CARE CLINICS AROUND THE COUNTRY. THE FEDERAL GOVERNMENT HAS INCREASINGLY COME TO LOOK UPON THIS NETWORK OF SMALL DISPERSED CLINICS AS A MORE EFFECTIVE MEANS TO RAISE HEALTH LEVELS THAN INVESTMENT IN LARGE URBAN HOSPITALS. BHS WOULD THUS APPEAR TO BE THE MORE PROMISING SYSTEM TO BECOME ALLIED WITH.

11. IN REGARD TO DIFFERENT HEALTH SECTORS, FOREIGN INVOLVEMENT IN HEALTH ACTIVITIES HAS USUALLY NOT AROUSED SENSITIVITIES, BUT WE FIND THAT POPULATION CONTROL IS A VERY CONTROVERSIAL SUBJECT. HERE WE RECOMMEND SUPPLYING INFORMATION ON CHILD SPACING LIMITED OFFICIAL USE

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AS PART OF BROAD FAMILY HEALTH GUIDANCE AVAILABLE AT THE BHS CLINICS. BEFORE THE USAID MISSION TO NIGERIA CLOSED IN 1976, OUR POPULATION AFFAIRS PROGRAM LARGELY FOCUSED ON THE SUPPLY OF CONTRACEPTIVES. A STUDY BY THE BATELLE INSTITUTE IN 1977

INDICATED THAT MORE EMPHASIS SHOULD NOW BE PUT ON OTHER ASPECTS OF POPULATION; TIS COULD BE ACHIEVED THROUGH EDUCATIONAL MATERIALS WITH CONTACT DISTRIBUTION POINTS BEING THE BHS CLINICS. WE SUGGEST THAT DISEASE ERADICATION PROGRAMS BE IMPLEMENTED THROUGH INTERNATIONAL ORGANIZATIONS. THESE WOULD APPEAR TO BE MORE EFFECTIVELY CARRIED OUT ON A BROAD REGIONAL BASIS.

12. ENERGY. EVEN A LARGE OIL PRODUCER SUCH AS NIGERIA SUFFERS QUALMS ABOUT USING UP FOSSIL FUELS AT HOME. SOLAR ENERGY APPEARS AS A LOW-COST SOURCE OF POWER WHOSE APPLICATION HAS BEEN GREATLY FACILITATED IN THE PAST TWO YEARS. UNDERSTANDING OF THE

COMPOSITION, IMPLEMENTATION AND POTENTIAL OF SOLAR ENERGY, HOWEVER, IS VERY LIMITED. MUCH STRONGER EFFORTS TO EDUCATE BOTH THE PUBLIC AND PRIVATE SECTORS SHOULD BE MADE. WE SUGGEST THAT EMBASSY RESIDENTIAL UNITS AND CHANCERIES IN AFRICA BE EQUIPPED WITH SOLAR ENERGY UNITS TO SERVE AS DEMONSTRATION MODELS. ON SEEING HOW SOLAR ENERGY CAN BE TAPPED, HOST COUNTRY OFFICIALS MIGHT BE ENCOURAGED TO USE THIS POWER SOURCE.

13. WE HOPE MORE CAN BE DONE TO ELIMINATE CONGRESSIONAL CONSTRAINTS ON AID TO COUNTRIES WHOSE POLITICAL LEADERSHIP WE FIND UNATTRACTIVE.
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